

House File 577 - Introduced

HOUSE FILE 577

BY WORTHAN

A BILL FOR

1 An Act exempting from the sales and use tax the sales price of
2 all-terrain vehicles and off-road utility vehicles exempt
3 from registration with the department of natural resources
4 and sold to certain eligible businesses.
5 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 423.3, Code 2013, is amended by adding
2 the following new subsection:

3 NEW SUBSECTION. 99. The sales price from the sale of an
4 all-terrain vehicle and an off-road utility vehicle, as defined
5 in section 321I.1, to an eligible business if the vehicle is
6 exempt from registration under chapter 321I. For purposes of
7 this subsection, "*eligible business*" means a business organized
8 in such a manner as to require the owner or owners to file a
9 schedule C or schedule F form for federal income tax purposes.

10 EXPLANATION

11 This bill provides a sales tax exemption for the sale of
12 an all-terrain vehicle and an off-road utility vehicle to an
13 eligible business if the vehicle is exempt from registration
14 under Code chapter 321I.

15 "Eligible business" is defined as a business organized in
16 such a manner as to require the owner or owners to file a
17 schedule C or schedule F form for federal income tax purposes.
18 In general, schedule C and schedule F forms are filed by
19 taxpayers engaged in farming or another business or profession
20 as a sole proprietor or single-member limited liability
21 company.

22 "All-terrain vehicle" means a motorized vehicle with not
23 less than three and not more than six nonhighway tires that
24 is limited in engine displacement to less than 1,000 cubic
25 centimeters and in total dry weight to less than 1,200 pounds
26 and that has a seat or saddle designed to be straddled by the
27 operator and handlebars for steering control.

28 "Off-road utility vehicle" means a motorized vehicle with
29 not less than four and not more than eight nonhighway tires or
30 rubberized tracks that is limited in engine displacement to
31 less than 1,500 cubic centimeters and in total dry weight to
32 not more than 2,000 pounds and that has a seat that is of bucket
33 or bench design, not intended to be straddled by the operator,
34 and a steering wheel or control levers for control.

35 All-terrain vehicles and off-road utility vehicles are

1 required to be registered with the department of natural
2 resources under Code chapter 321I before they are used on
3 public land, public ice, or a designated riding trail of this
4 state, unless the vehicle is owned by the United States,
5 this state, or a governmental subdivision thereof and used
6 for certain nonrecreational purposes, or the vehicle is
7 used exclusively as a farm implement and any highway use is
8 incidental to the vehicle's use for agricultural purposes.

9 By operation of Code section 423.6, an item exempt from the
10 imposition of the sales tax is also exempt from the use tax
11 imposed in Code section 423.5.